

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the Commission's
Proposed Policies and Programs Governing post-2003
Low-Income Assistance Programs.

R. 04-01-006

And Related Matters:

A.05-06-005

A.05-06-009

A.05-06-012

A.05-06-013

**OPENING COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY AND
SOUTHERN CALIFORNIA GAS COMPANY ON THE DRAFT DECISION
APPROVING 2006-2007 LOW INCOME PROGRAMS AND FUNDING FOR THE
LARGER UTILITIES AND APPROVING NEW LOW INCOME ENERGY
EFFICIENCY PROGRAM MEASURES FOR 2006**

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December 5, 2005

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LARGER UTILITIES AND APPROVING NEW LOW INCOME ENERGY
EFFICIENCY PROGRAM MEASURES FOR 2006**

I. Introduction

In accordance with Rules 77.2 through 77.4 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure, San Diego Gas and Electric Company ("SDG&E") and Southern California Gas Company ("SoCalGas") hereby file their Joint Comments on the Draft Decision of Administrative Law Judge ("ALJ") Weissman in the above-captioned matter ("DD").

The DD approves SDG&E's and SoCalGas' requested 2006 and 2007 Low Income Energy Efficiency ("LIEE"), California Alternate Rates for Energy ("CARE") programs, overall funding levels and requested use of the 2001 Statewide LIEE Impact Evaluation Study for computing the impacts of the 2006 and 2007 LIEE programs. The DD also authorizes utilities to carry over unspent LIEE program funds for use in subsequent years and to shift funds among CARE administrative cost categories. Finally, the DD establishes the goal of aligning future LIEE and Energy Efficiency program planning cycles.

Overall, SDG&E and SoCalGas support the DD and are appreciative of the Commission's efforts to address the 2006 and 2007 Applications by year-end. SDG&E and SoCalGas urge the Commission to act on this DD at its December 15, 2005 business meeting to allow the low income programs to continue in 2006 without disruption. SDG&E and SoCalGas also applaud aligning the LIEE and EE program planning cycles.

The Low Income Oversight Board ("LIOB") held a meeting on December 2, 2005, at which the DD was discussed and input received from the LIOB and interested parties. SDG&E and SoCalGas have not addressed the issues raised by the LIOB or interested parties in these comments. If the input received at the December 2nd meeting will be considered in the Commission's deliberations and issuance of a decision on the utilities' low-income applications, SDG&E and SoCalGas suggest that it would be appropriate for a comment period on input received at the LIOB meeting to be permitted.

Notwithstanding the general support of the DD, however, SDG&E and SoCalGas request the following modifications/clarifications for the reasons discussed below in Section II:

- Revise Table 1 to correctly reflect SDG&E's and SoCalGas' proposed and authorized 2006 CARE budgets and revise Table 2 to correctly reflect SoCalGas' proposed and authorized 2006 LIEE budget.
- Adopt SDG&E's 2006 budget reallocation which is being submitted herein to comply with Ordering Paragraph ("OP") 14 of the DD.
- Approve the Standardization Team's ("Team") Recommended Policy and Procedures (P&P) and Weatherization Installation Standards (WIS) sections relating to central air conditioners, duct testing and sealing, and Title 24 Building Standards, authorized in this Decision as new measures for 2006 to prevent delay in implementing the new measures adopted by the DD. Alternatively, approve those sections on an interim basis pending the outcome of the LIOB's review and the Commission's final ruling on the Team's recommendations.
- Clarify that the County of San Diego's Cool Zone Program ("County's Cool Zone Program"), which SDG&E consistently supports, is different from Southern California Edison Company's ("SCE") Cool Zone Program and because the County's Cool Zone Program is an ongoing program, there is no need to revive it.

II. Requested Corrections and Clarifications of the DD

A. Tables 1 and 2 Should Be Revised to Correct Errors in SDG&E's and SoCalGas' Proposed CARE and LIEE Budgets

SDG&E and SoCalGas have identified some errors contained in both Table 1 and Table 2 of the DD outlining their proposed budgets and summarizing the authorized 2006 and 2007 budgets. For example, Table 1 (at 2 and OP 2 at 37) reflects SDG&E's and SoCalGas'

2005 planned CARE budgets rather than the 2006 Proposed Budgets contained in Attachment B-1 of the Testimony of Carmen Rudshagen.¹ Therefore, SDG&E and SoCalGas request the Commission to correct Table1 in the final Decision in this matter as follows:

CORRECTED TABLE 1				
2006 AUTHORIZED CARE BUDGETS				
	PG&E	SCE	SoCalGas	SDG&E
Outreach	\$4,837,000	\$1,633,000	\$1,949,750 \$2,177,495	\$1,187,014 \$1,319,473
Automatic Enrollment	150,000	60,000	30,000 10,000	21,200 13,136
Cool Centers		95,000		
Proc., Certification & Verification	1,600,000	600,000	925,334 990,223	227,269 258,168
Bill System / Programming	150,000	557,000	265,045 301,218	72,800 335,050
Measurement & Evaluation	150,000	58,000	393,560 5,000	235,700 3,000
Regulatory Compliance	170,000	50,000	163,306 189,289	123,872 154,553
General Administration	300,000	1,063,000	297,315 351,024	177,314 210,638
CPUC Energy Division	100,000	82,000	83,000	50,000 52,500
Total CARE Expenses	\$7,457,000	\$4,199,000	\$4,108,310 \$4,107,249	\$2,346,518
Subsidies & Benefits	\$324,612,000	\$168,100,000	75,315,876 \$95,036,000	32,907,285 \$34,499,414
Total Program Costs and Discounts	\$332,069,000	\$172,299,000	\$79,424,186 \$99,143,249	\$35,253,854 \$36,845,932

In addition, Table 2 of the DD (at 3 and OP 2 at 38) erroneously reflects SoCalGas' 2005 planned budget instead of the 2006 Proposed LIEE Budget presented in Attachment A-1 to the Testimony of Gregg Lawless. SoCalGas respectfully requests the Commission to revise Table 2 as follows to accurately reflect SoCalGas' 2006 authorized LIEE budget in the final Decision in this matter.

¹ See Application (A.) 05-06-012 and A. 05-06-013.

CORRECTED TABLE 2
2006 AUTHORIZED LOW INCOME ENERGY EFFICIENCY PROGRAM BUDGETS

	PG&E	SCE	SoCalGas	SDG&E
ENERGY EFFICIENCY				
Gas Appliances	\$2,386,000	\$0	\$8,020,500 \$5,578,600	\$1,353,043
Electric Appliances	19,593,000	20,971,520	0	5,853,536
Weatherization	15,283,000	394,450	15,949,814 16,757,491	3,135,038
Outreach / Assessment / Marketing	3,129,000	2,817,745	4,600,000 4,830,000	
In-Home Energy Education	3,129,000	518,400	600,000 630,000	1,212,466
Education Workshops	\$0		420,000	132,000
Energy Efficiency Total	\$43,520,000	\$24,702,115	\$29,590,314 \$28,216,091	\$11,686,083
LANDLORD CO PAYS				
Air Conditioner Replacement – Central				
Air Conditioner Replacement – Room	\$10,000			
Refrigerator (CoPay)	100,000			
Landlord Co Pays Total	\$110,000	\$0	\$0	\$0
OTHER PROGRAM ACTIVITIES				
Training Center	\$400,000	20,000	325,000 76,259	\$0
Inspections	\$3,500,000	555,000	1,132,919 1,901,220	161,832
Advertising		15,000	281,000 156,000	404,914
Measurement & Evaluation (M&E)	540,000	195,000	60,000 113,030	62,250
Regulatory Compliance	521,000	70,000	230,000 267,298	281,043
Other Administration	7,904,000	\$1,772,885	1,669,642 2,554,977	750,972
Other Program Activities Total		\$2,627,885	\$3,698,561 \$5,068,784	\$1,661,011
Oversight Costs – CPUC Energy Division	\$35,000	\$70,000	\$36,000 \$40,000	\$21,000
TOTAL AUTHORIZED LIEE BUDGET	\$56,530,000	\$27,400,000	\$33,324,875	\$13,368,093

Finally, the DD disapproves SDG&E's request to allocate its 2006 and 2007 program budgets to 43% for gas measures and 57% for electric programs and directs SDG&E to reapportion funds accordingly. (DD at 21). To reflect this directive, SDG&E here provides a revised Table 2 of the DD to reflect removal of the \$900,000 from its planned 2006 LIEE budget for electric measures and its reallocation to the budget for gas measures for inclusion in the final Decision in this matter.

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**REVISED TABLE 2 INCORPORATING THE REALLOCATION
OF SDG&E'S LIEE PROGRAM BUDGET
2006 AUTHORIZED LOW INCOME ENERGY EFFICIENCY PROGRAM BUDGETS**

	PG&E	SCE	SoCalGas	SDG&E
ENERGY EFFICIENCY				
Gas Appliances	\$2,386,000	\$0	\$8,020,500 \$5,578,600	\$1,353,043 \$1,468,402
Electric Appliances	19,593,000	20,971,520	0	5,853,536 5,084,051
Weatherization	15,283,000	394,450	15,949,814 16,757,491	3,135,038 3,630,363
Outreach / Assessment / Marketing	3,129,000	2,817,745	4,600,000 4,830,000	
In-Home Energy Education	3,129,000	518,400	600,000 630,000	1,212,466 1,371,341
Education Workshops	\$0		420,000	132,000
Energy Efficiency Total	\$43,520,000	\$24,702,115	\$29,590,314 \$28,216,091	\$11,686,083 \$11,686,157
LANDLORD CO PAYS				
Air Conditioner Replacement – Central				
Air Conditioner Replacement – Room	\$10,000			
Refrigerator (CoPay)	100,000			
Landlord Co Pays Total	\$110,000	\$0	\$0	\$0
OTHER PROGRAM ACTIVITIES				
Training Center	\$400,000	20,000	325,000 76,259	\$0
Inspections	\$3,500,000	555,000	1,132,919 1,901,220	161,832
Advertising		15,000	281,000 156,000	404,914
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Regulatory Compliance	521,000	70,000	230,000 267,298	281,043
Other Administration	7,904,000	\$1,772,885	1,669,642 2,554,977	750,972 750,897
Other Program Activities Total		\$2,627,885	\$3,698,561 \$5,068,784	\$1,661,011 \$1,660,936
Oversight Costs – CPUC Energy Division	\$35,000	\$70,000	\$36,000 \$40,000	\$21,000
TOTAL AUTHORIZED LIEE BUDGET	\$56,530,000	\$27,400,000	\$33,324,875	\$13,368,093

B. To Avoid a Delay in Implementing New Measures Adopted in the DD, the Commission Either Should Adopt the Team's Recommended Policy and Procedures for the New LIEE Measures or Approve Them on an Interim Basis Pending LIOB and Final Commission Action on the Team's Recommendations

The DD adopts the central air conditioner replacement and duct testing and sealing as new measures for the 2006 LIEE program as recommended in the Team's New LIEE Measure Assessment Report filed on May 2, 2005.² However the DD postpones making a determination on the Team's proposed revisions and updates to the Statewide P&P and WIS manuals which include new policies and standards for central air conditioners and duct testing and sealing as new 2006 measures. As discussed below, this inconsistent treatment creates confusion.

More specifically, the P&P and WIS manuals are necessary to provide information to program contractors on how to install the new measures, how to determine when it is feasible to install the measure, and to maintain quality assurance consistency across all program installations statewide. The Commission's adopted Statewide Policies and Procedures are incorporated by reference into the contracts with LIEE contractors and subcontractors. SDG&E and SoCalGas are currently finalizing contracts for the 2006 program year. Therefore, at a minimum, SDG&E and SoCalGas urge the Commission to reconsider and act now to adopt the Team's recommended policies and procedures for new measures and to accommodate the October 1, 2005 changes in the Title 24 building standards.³

If the Commission still wishes to receive input from the LIOB before acting on the Team's recommendations, however, SDG&E and SoCalGas request authorization to use the updated P&P and WIS manual sections that apply specifically to central air conditioners, duct sealing and testing, and Title 24 Building Standards, effective January 1, 2006 to avoid any delays in implementing the new 2006 program measures pending LIOB and Commission action on the Standardization Team's recommendations.

² Report on the Assessment of Proposed New Program Year 2006 Low Income Energy Efficiency Program Measures Proposed by the Low Income Energy Efficiency Standardization Team, filed May 2, 2005.

³ As of October 1, 2005, SDG&E and SoCalGas' LIEE Programs have been revised to comply with revised Title 24 Standards.

C. SDG&E Requests Clarification that the County's "Cool Zone" Program, which SDG&E Consistently Supports, Is Distinct from the SCE's "Cool Centers" Sites and Does Not Require Revival because It Is Ongoing

The DD directs SDG&E, along with SCE and the Office of Ratepayer Advocates ("ORA"), to work with community groups and others to develop a plan *for reviving* (emphasis added) Cool Centers for the summer of 2006. (See Conclusion of Law ("COL") 6 and OP 13).

SDG&E seeks clarification that: (1) the San Diego County's Cool Zone Program ("County's Cool Zone Program"), which SDG&E has supported for several years, is different from SCE's self-sponsored Cool Center program and (2) no revival is required because the County's Cool Zone Program is a continuing program. More particularly, the County's Cool Zone Program operated in 2005 and, therefore, does not need to be revived. SDG&E supported the County's Program in 2005, but with non- program funds. Consistent with D. 05-04-052, SDG&E has completed an evaluation of the 2005 County's Cool Zone Program and will file an Advice Letter proposing the extent of SDG&E's support for the County's Cool Zone Program in 2006 based on this evaluation.

Accordingly, while SDG&E is willing to enter into discussions with all interested parties on how the County's Cool Zone Program works, SDG&E requests clarification for the foregoing reasons and removal of references to SDG&E in COL 13 and OP 6.

III. Conclusion

Consistent with the foregoing discussion, SDG&E and SoCalGas respectfully urge that the DD be modified to:

1. Revise Table 1 to correctly reflect SDG&E's and SoCalGas' proposed and authorized 2006 CARE budgets and revise Table 2 to correctly reflect SoCalGas' proposed and authorized 2006 LIEE budget.
2. Adopt SDG&E's 2006 budget reallocation which is being submitted herein to comply with OP 14 of the DD.
3. Approve the Standardization Team's recommended Policy and Procedures for the sections that apply specifically to central air conditioners, duct sealing and testing, and Title 24 Building Standards that this Decision authorizes to avoid delaying

implementation of the new measures. Alternatively, approve the relevant sections on an interim basis pending the outcome of the LIOB's review and the Commission's final ruling on the Standardization Team's recommendations.

4. Revise COL 6 and OP13 to delete references to SDG&E to clarify that the County's "Cool Zone" Program, which SDG&E consistently supports, is distinguishable from SCE's "Cool Center" Program and because it is a continuing program, does not need to be revived.

Respectfully submitted,



Georgetta J. Baker

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And

Southern California Gas Company

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December 5, 2005

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true and correct copy of **OPENING COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY AND SOUTHERN CALIFORNIA GAS COMPANY ON THE DRAFT DECISION APPROVING 2006-2007 LOW INCOME PROGRAMS AND FUNDING FOR THE LARGER UTILITIES AND APPROVING NEW LOW INCOME ENERGY EFFICIENCY PROGRAM MEASURES FOR 2006** to each party of record on the service list in R.04-01-006 via electronic mail. Those parties without an email address were served by placing copies in properly addressed and sealed envelopes and depositing such envelopes in the United States Mail with first-class postage prepaid.

Executed this 5th day of December, 2005 at San Diego, California.

A handwritten signature in black ink, reading "Doris K. Reed". The signature is written in a cursive style with a large, looped "D" and "R".

Doris K. Reed